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TOWN OF GRAND COTEAU, LOUISIANA

Financial Report

For the Year Ended June 30, 2004

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Release Date 1-26-05

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INDEPENDENT AUDITORS' REPORT

The Honorable Jean C. Coco, Mayor,
and Members of the Board of Aldermen
Grand Coteau, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus, Statement No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2004, on our consideration of the Town of Grand Coteaus' internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The required supplementary information on pages 41 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Grand Coteau has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements. The other supplementary information on pages 55 through 76 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 10, 2004

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

The Town of Grand Coteau's basic financial statements comprise the following three components:

Government-wide financial statements - provides readers with a broad overview of the Town of Grand Coteau's finances in a manner similar to a private sector business.

Fund financial statements - provides readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the Town's near-term financial needs.

Notes to basic financial statements - provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>PRIMARY GOVERNMENT</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	
<u>ASSETS</u>			
Cash and cash equivalents	\$88,029	\$111,554	\$199,583
Investments		24,024	24,024
Receivables (net of allowances for uncollectibles)	16,831	45,308	62,139
Internal balances	3,047	(3,047)	
Due from other governments	60,869	9,922	70,791
Restricted assets		243,658	243,658
Prepaid expenses	14,921	14,508	29,429
Capital assets (net)	<u>858,346</u>	<u>2,338,477</u>	<u>3,196,823</u>
<u>Total assets</u>	<u>1,042,043</u>	<u>2,784,404</u>	<u>3,826,447</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$34,482	\$38,100	\$72,582
Payable from restricted assets		43,569	43,569
Long-term liabilities			
Due within one year	19,122	33,440	52,562
Due in more than one year	<u>58,972</u>	<u>467,618</u>	<u>526,590</u>
<u>Total liabilities</u>	<u>112,576</u>	<u>582,727</u>	<u>695,303</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$780,252	\$1,834,041	\$2,614,293
Restricted for			
Customers' deposits		108,285	108,285
Bond retirement		52,834	52,834
Unrestricted	<u>149,215</u>	<u>206,517</u>	<u>355,732</u>
<u>Total net assets</u>	<u>929,467</u>	<u>2,201,677</u>	<u>3,131,144</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF ACTIVITIES
JUNE 30, 2004

	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSES) REVENUES AND CHANGES</u>	
<u>EXPENSES</u>	<u>IN NET ASSETS</u>		
<u>FEEES, FINES AND CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
<u>AND CAPITAL GRANTS AND CONTRIBUTIONS</u>			<u>TOTAL</u>
<u>FUNCTIONS/PROGRAMS</u>			
Governmental Activities			
General government	\$186,580	\$(186,580)	\$(186,580)
Public safety	272,912	(189,335)	(189,335)
Public works	143,211	(143,211)	(143,211)
Culture and recreation	7,468	(7,468)	(7,468)
Interest on debt	3,540	(3,540)	(3,540)
<u>Total governmental activities</u>	<u>613,711</u>	<u>(530,134)</u>	<u>(530,134)</u>
Business-type Activities			
Gas	276,167		4,534
Water	101,712		(8,376)
Sewer	173,848		(3,265)
<u>Total business-type activities</u>	<u>551,727</u>	<u>-0-</u>	<u>(7,107)</u>
<u>Total primary government</u>	<u>1,165,438</u>	<u>(530,134)</u>	<u>(537,241)</u>
General Revenues			
Taxes			
Property taxes, levied for general purposes		15,067	15,067
Sales tax, levied for general purposes		74,622	74,622
Franchise taxes		52,296	52,296

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
JUNE 30, 2004

EXPENSES	PROGRAM REVENUES	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	TOTAL
FEEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
CAPITAL GRANTS AND CONTRIBUTIONS			
Interest and investment earnings		\$1,627	\$1,627
Occupational licenses and other permits		\$32,957	32,957
Intergovernmental		343,927	343,927
Sale of capital assets		4,440	4,440
Miscellaneous		26,405	26,405
Transfers		(53,551)	
<u>Total general revenues and transfers</u>		<u>496,163</u>	<u>551,341</u>
<u>Changes in net assets</u>		<u>(33,971)</u>	<u>14,100</u>
Net assets - July 1, 2003		<u>963,438</u>	<u>3,117,044</u>
Net assets - June 30, 2004		<u>929,467</u>	<u>3,131,144</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>GENERAL</u>	<u>SALES TAX FUND</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$56,900	\$31,129		\$88,029
Receivables, net of allowance for uncollectibles				
Taxes	3,354			3,354
Franchise	12,281			12,281
Intergovernmental	60,869			60,869
Other	189			189
Due from other funds	<u>4,054</u>			<u>4,054</u>
<u>Total assets</u>	<u>137,647</u>	<u>31,129</u>	<u>-0-</u>	<u>168,776</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$23,193	2,750		\$25,943
<u>Total liabilities</u>	<u>23,193</u>	<u>2,750</u>	<u>-0-</u>	<u>25,943</u>
<u>FUND BALANCES</u>				
Unreserved, undesignated	<u>114,454</u>	\$28,379		<u>142,833</u>
<u>Total fund balances</u>	<u>114,454</u>	<u>28,379</u>	<u>-0-</u>	<u>142,833</u>
<u>Total liabilities and fund balances</u>	<u>137,647</u>	<u>31,129</u>	<u>-0-</u>	<u>168,776</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total fund balances for governmental funds at June 30, 2004		\$142,833
Cost of capital assets at June 30, 2004	\$1,269,313	
Less: Accumulated depreciation as of June 30, 2004	<u>(410,967)</u>	858,346
Prepaid expenses net of insurance payable of \$8,539 at June 30, 2004		6,382
Long-term liabilities at June 30, 2004		
Capital leases payable	(35,383)	
Bonds payable	<u>(42,711)</u>	<u>(78,094)</u>
Net assets at June 30, 2004		<u>929,467</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>GENERAL</u>	<u>SALES TAX FUND</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Taxes	\$67,363	\$74,622		\$141,985
Licenses and permits	32,957			32,957
Intergovernmental	343,927			343,927
Fines and forfeits	83,577			83,577
Miscellaneous revenues	<u>26,396</u>	<u>9</u>		<u>26,405</u>
<u>Total revenues</u>	<u>554,220</u>	<u>74,631</u>	<u>-0-</u>	<u>628,851</u>
<u>EXPENDITURES</u>				
Current				
Executive and administrative	235,189	745		235,934
Street department	115,624			115,624
Police department	281,112			281,112
Fire department	56,015			56,015
Park department	7,268			7,268
Debt service	<u>19,783</u>			<u>19,783</u>
<u>Total expenditures</u>	<u>714,991</u>	<u>745</u>	<u>-0-</u>	<u>715,736</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(160,771)</u>	<u>73,886</u>	<u>-0-</u>	<u>(86,885)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	51,813			51,813
Transfers out	(11,630)	(70,407)	\$(23,327)	(105,364)
General obligation bond proceeds	46,400			46,400
Sale of capital assets	<u>4,440</u>			<u>4,440</u>
<u>Total other financing sources (uses)</u>	<u>91,023</u>	<u>(70,407)</u>	<u>(23,327)</u>	<u>(2,711)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>AND OTHER SOURCES OVER</u>				
<u>(UNDER) EXPENDITURES</u>				
<u>AND OTHER USES</u>	<u>\$(69,748)</u>	<u>\$3,479</u>	<u>\$(23,327)</u>	<u>\$(89,596)</u>
<u>FUND BALANCES, beginning</u>				
of year	<u>184,202</u>	<u>24,900</u>	<u>23,327</u>	<u>232,429</u>
<u>FUND BALANCES, end of year</u>				
	<u>114,454</u>	<u>28,379</u>	<u>-0-</u>	<u>142,833</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Total net change in fund balances for the year ended June 30, 2004 per Statement of Revenues, Expenditures, and Changes in Fund Balances		\$(89,596)
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$123,940	
Depreciation expense for year ended June 30, 2004	<u>(44,540)</u>	79,400
Prepaid expenses at June 30, 2004		6,382
Inception of general obligation bond		(46,400)
Bond principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		3,689
Capital lease payments considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		<u>12,554</u>
<u>Total change in net assets for the year ended June 30, 2004 per Statement of Activities</u>		<u>(33,971)</u>

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$63,328	\$13,752	\$34,474	\$111,554
Investments	1,037	22,987		24,024
Accounts receivable, net	20,527	10,061	12,368	42,956
Accrued interest receivable	13		18	31
Grant receivable - LCDBG			9,922	9,922
Prepaid insurance	5,059	4,974	4,475	14,508
Due from other funds		1,254	17,573	18,827
<u>Total current assets</u>	<u>89,964</u>	<u>53,028</u>	<u>78,830</u>	<u>221,822</u>
<u>RESTRICTED ASSETS</u>				
Cash	24,434	107,904	50,199	182,537
Investments	35,932		25,189	61,121
<u>Total restricted assets</u>	<u>60,366</u>	<u>107,904</u>	<u>75,388</u>	<u>243,658</u>
<u>FIXED ASSETS</u>				
Utility plant and depreciable assets, net of accumulated depreciation	56,182	364,477	1,917,818	2,338,477
<u>Total fixed assets</u>	<u>56,182</u>	<u>364,477</u>	<u>1,917,818</u>	<u>2,338,477</u>
<u>Total assets</u>	<u>206,512</u>	<u>525,409</u>	<u>2,072,036</u>	<u>2,803,957</u>

This statement continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES (from</u>				
<u>current assets)</u>				
Accounts payable	\$10,988	\$3,564	\$16,667	\$31,219
Due to other funds	1,351	19,553		20,904
<u>Total</u>	<u>12,339</u>	<u>23,117</u>	<u>16,667</u>	<u>52,123</u>
<u>CURRENT LIABILITIES (from</u>				
<u>restricted assets)</u>				
Revenue bonds payable		13,697	19,743	33,440
Interest payable		2,719	2,811	5,530
Customers' deposits	28,984	14,585		43,569
<u>Total</u>	<u>28,984</u>	<u>31,001</u>	<u>22,554</u>	<u>82,539</u>
<u>Total current</u>				
<u>liabilities</u>	<u>41,323</u>	<u>54,118</u>	<u>39,221</u>	<u>134,662</u>
<u>LONG-TERM LIABILITIES</u>				
Revenue bonds payable		154,212	313,406	467,618
<u>Total long-term</u>				
<u>liabilities</u>	<u>-0-</u>	<u>154,212</u>	<u>313,406</u>	<u>467,618</u>
<u>Total liabilities</u>	<u>41,323</u>	<u>208,330</u>	<u>352,627</u>	<u>602,280</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$56,182	\$196,568	\$1,581,291	\$1,834,041
Reserved for customers' deposits	31,382	76,903		108,285
Restricted for bond retirement			52,834	52,834
Unrestricted	77,625	43,608	85,284	206,517
<u>Total net assets</u>	<u>165,189</u>	<u>317,079</u>	<u>1,719,409</u>	<u>2,201,677</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$280,588	\$92,211	\$ 95,681	\$ 468,480
Miscellaneous income	113	1,125	886	2,124
<u>Total operating revenues</u>	<u>280,701</u>	<u>93,336</u>	<u>95,567</u>	<u>470,604</u>
<u>OPERATING EXPENSES</u>				
Personal services	17,616	14,478	15,471	47,565
Contractual services	175,895		4,185	180,080
Supplies	12,329	6,356	2,878	21,563
Other expenses	62,074	33,879	57,227	153,180
Depreciation	8,253	35,469	74,720	118,442
<u>Total operating expenses</u>	<u>276,167</u>	<u>90,182</u>	<u>154,481</u>	<u>520,830</u>
<u>OPERATING INCOME</u>	<u>4,534</u>	<u>3,154</u>	<u>(57,914)</u>	<u>(50,226)</u>
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest income	510	390	727	1,627
Interest expense		(11,530)	(19,367)	(30,897)
<u>Total nonoperating revenues (expenses)</u>	<u>510</u>	<u>(11,140)</u>	<u>(18,640)</u>	<u>(29,270)</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>5,044</u>	<u>(7,986)</u>	<u>(76,554)</u>	<u>(79,496)</u>
<u>CAPITAL CONTRIBUTIONS</u>			74,016	74,016
<u>TRANSFERS IN (OUT)</u>				
Transfers in		47,568	56,481	104,049
Transfers out	(46,573)		(3,925)	(50,498)
<u>Total operating transfers in (out)</u>	<u>(46,573)</u>	<u>47,568</u>	<u>52,556</u>	<u>53,551</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>(41,529)</u>	<u>39,582</u>	<u>50,018</u>	<u>48,071</u>
<u>NET ASSETS, beginning of year</u>	<u>206,718</u>	<u>277,497</u>	<u>1,669,391</u>	<u>2,153,606</u>
<u>NET ASSETS, end of year</u>	<u>165,189</u>	<u>317,079</u>	<u>1,719,409</u>	<u>2,201,677</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES</u>				
Cash received from customers	\$297,422	\$90,954	\$97,802	\$486,178
Cash payments to suppliers for goods and services	(255,145)	(40,935)	(51,243)	(347,323)
Cash payments to employees for services	(16,437)	(13,517)	(14,207)	(44,161)
<u>Net cash provided by operating activities</u>	<u>25,840</u>	<u>36,502</u>	<u>32,352</u>	<u>94,694</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in from other funds		47,568	56,481	104,049
Transfers out to other funds	(46,573)		(3,925)	(50,498)
<u>Net cash provided (used) for noncapital financing activities</u>	<u>(46,573)</u>	<u>47,568</u>	<u>52,556</u>	<u>53,551</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition and construction of capital assets	(1,963)	(1,001)	(56,845)	(59,809)
Proceeds from grant			64,094	64,094
Principal paid on revenue bonds and notes		(12,922)	(18,660)	(31,582)
Interest paid on revenue bonds and notes		(11,748)	(19,237)	(30,985)
<u>Net cash used for capital and related financing activities</u>	<u>(1,963)</u>	<u>(25,671)</u>	<u>(30,649)</u>	<u>(58,282)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(515)	(22,987)	(376)	(23,878)
Interest on investments	535	390	738	1,663
<u>Net cash provided (used) by investing activities</u>	<u>20</u>	<u>(22,597)</u>	<u>362</u>	<u>(22,215)</u>
<u>Net increase (decrease) in cash</u>	<u>(22,676)</u>	<u>35,802</u>	<u>54,622</u>	<u>67,748</u>
<u>CASH AND CASH EQUIVALENTS,</u> July 1, 2003	<u>110,438</u>	<u>85,854</u>	<u>30,051</u>	<u>226,343</u>
<u>CASH AND CASH EQUIVALENTS,</u> June 30, 2004	<u>87,762</u>	<u>121,656</u>	<u>84,673</u>	<u>294,091</u>

This statement continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>RECONCILIATION OF OPERATING</u>				
<u>INCOME (LOSS) TO NET CASH</u>				
<u>PROVIDED (USED) BY OPERATING</u>				
<u>ACTIVITIES</u>				
Operating income	\$4,534	\$3,154	\$(57,914)	\$ (50,226)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,253	35,469	74,720	118,442
(Increase) decrease in accounts receivable	15,583	(6,827)	1,235	9,991
(Increase) decrease in prepaid insurance	(2,116)	(3,792)	5,481	(427)
(Increase) decrease in due from other funds			(6,009)	(6,009)
Increase (decrease) in accounts payable	(1,552)	(1,956)	14,839	11,331
Increase (decrease) in customers' deposits	1,138	1,398		2,536
Increase (decrease) in due to other funds		9,056		9,056
<u>Total adjustments</u>	<u>21,306</u>	<u>33,348</u>	<u>90,266</u>	<u>144,920</u>
 <u>Net cash provided by operating activities</u>	 <u>25,840</u>	 <u>36,502</u>	 <u>32,352</u>	 <u>94,694</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
JUNE 30, 2004

	<u>PAYROLL ACCOUNT</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$4,770
Accounts receivable	<u>1,352</u>
<u>Total assets</u>	<u>6,122</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$6,122
<u>Total liabilities</u>	<u>6,122</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Grand Coteau, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements (GWFS) and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For Enterprise funds, GASB Statements Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note. For the fiscal year ended June 30, 2004, the Town of Grand Coteau implemented the new financial reporting requirements of GASB Statements Nos. 33 and 34. As a result, an entirely new financial presentation format has been implemented.

The following is a summary of certain significant accounting policies and practices of the Town of Grand Coteau.

A. FINANCIAL REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Grand Coteau for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY - Continued

The Town of Grand Coteau is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Grand Coteau, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type; and

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - Continued

FUND FINANCIAL STATEMENTS Continued

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a 1 percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund. The Gas Fund accounts for gas services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund

The Water Fund accounts for water services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Sewer Fund

The Sewer Fund accounts for sewer services to the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - Continued

Additionally, the Town reports the following fund types:

Governmental Funds

Capital Projects Funds

Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fiduciary Funds

Agency Fund (not included in government-wide financial statements).

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the *economic resources measurement focus* as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

MEASUREMENT FOCUS Continued

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$466,765. The bank balance of cash was \$402,342 and of investments was \$85,144. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposits. Of the bank balance, \$200,000 is covered by federal depository insurance, and approximately \$266,765 is covered by securities held by a local bank in the Town's name.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Grand Coteau did not capitalize infrastructure expenditures. During the current fiscal year, the Town will begin to capitalize infrastructure.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Grand Coteau maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 15 years
Water system	20 - 50 years
Sewerage system	20 - 50 years
Meters	10 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the particular receivable.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2004 was \$701.

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

BUDGETS AND BUDGETARY ACCOUNTING - Continued

The budgeted accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2004. The budget was properly amended during a public meeting held on June 28, 2004.

ENCUMBRANCES

The Town does not employ the encumbrance system of accounting.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

The Town's policy is that employees earn and must use their vacation and sick leave as of the end of each fiscal year. Therefore, there is no provision for compensated absences at year end.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

LONG-TERM DEBT - Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
 Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

EQUITY CLASSIFICATIONS - Continue

2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the Town has implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, No. 37, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At June 30, 2003, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (2) - CHANGES IN ACCOUNTING PRINCIPLES - Continued

The implementation of GASB Statement No. 34 caused the opening fund balance at July 1, 2003 to be restated in terms of "net assets" as follows:

Total fund balances - Governmental funds at July 1, 2003		\$232,429
Add: Cost of capital assets at July 1, 2003	\$1,145,373	
Less: Accumulated depreciation at July 1, 2003	<u>(366,427)</u>	778,946
Less: Capital leases payable at July 1, 2003		<u>(47,937)</u>
Net assets at July 1, 2003		<u>963,438</u>

NOTE (3) - RECEIVABLES

Receivables at June 30, 2004 consist of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Taxes receivable	\$3,354		\$3,354
Accounts		\$42,956	42,956
Due from others	1,007	2,321	3,328
Accrued interest receivable		31	31
Franchise receivable	12,281		12,281
Other receivable	<u>189</u>		<u>189</u>
<u>Total</u>	<u>16,831</u>	<u>45,308</u>	<u>62,139</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (4) - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the Town of Grand Coteau is as follows:

	Balances July 1, <u>2003</u>	<u>Additions</u>	<u>Disposals</u>	Balances June 30, <u>2004</u>
Governmental Activities				
Land	\$75,171	\$61,704		\$136,875
Building and improvements	205,354			205,354
Equipment	296,415	45,172		341,587
Other structures and improvements	<u>568,433</u>	<u>17,064</u>		<u>585,497</u>
<u>Totals at historical cost</u>	<u>1,145,373</u>	<u>123,940</u>	<u>-0-</u>	<u>1,269,313</u>
Less accumulated depreciation				
Building and improvements	(66,856)	(5,134)		(71,990)
Equipment	(186,329)	(18,036)		(204,365)
Other structures and improvements	<u>(113,241)</u>	<u>(21,371)</u>		<u>(134,612)</u>
<u>Total accumulated depreciation</u>	<u>(366,426)</u>	<u>(44,541)</u>	<u>-0-</u>	<u>(410,967)</u>
Governmental Activities Capital assets, net	<u><u>778,947</u></u>	<u><u>79,399</u></u>	<u><u>-0-</u></u>	<u><u>858,346</u></u>
Business-type Activities				
Gas system and equipment	\$318,671	\$1,963		\$320,634
Waterworks system and equipment	1,057,129	1,000		1,058,129
Sewer plant and equipment	2,917,538	600		2,918,138
Land	24,000			24,000
Construction in progress		<u>56,247</u>		<u>56,247</u>
<u>Totals at historical cost</u>	<u>4,317,338</u>	<u>59,810</u>	<u>-0-</u>	<u>4,377,148</u>
Less accumulated depreciation				
Gas system and equipment	(256,199)	(8,254)		(264,453)
Waterworks system and equipment	(658,184)	(35,469)		(693,653)
Sewer plant and equipment	<u>(1,005,845)</u>	<u>(74,720)</u>		<u>(1,080,565)</u>
<u>Total accumulated depreciation</u>	<u>(1,920,228)</u>	<u>(118,443)</u>	<u>-0-</u>	<u>(2,038,671)</u>
Business-type capital assets, net	<u><u>2,397,110</u></u>	<u><u>(62,011)</u></u>	<u><u>-0-</u></u>	<u><u>2,338,477</u></u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (4) - CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General government	\$16,529
Public safety - police	3,384
Public safety - fire	3,688
Public works - streets	20,140
Culture and recreation	<u>800</u>
<u>Total</u>	<u>44,541</u>

NOTE (5) - ACCOUNTS AND OTHER PAYABLES

The accounts and other payables consisted of the following at June 30, 2004:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts	\$34,482	\$31,219	\$65,701
Due to Agency Fund		1,351	1,351
Interest payable		<u>5,530</u>	<u>5,530</u>
<u>Totals</u>	<u>34,482</u>	<u>38,100</u>	<u>72,582</u>

NOTE (6) - RETIREMENT

The employees of the Town are covered by social security only. The Town does not contribute to any other retirement plan for its employees.

NOTE (7) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Statement of Cash Flows consist of the following:

Unrestricted assets	
Cash	\$111,554
Restricted assets	
Cash	<u>182,537</u>
<u>Total cash and cash equivalents</u>	<u>294,091</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (8) - ACCOUNTS RECEIVABLE - ENTERPRISE FUND

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 2004. The detail of the accounts receivable as of June 30, 2004 is as follows:

<u>Total accounts receivable</u>	\$43,660
Plus: sales tax receivable, net	(3)
Less: allowance for uncollectible accounts	<u>(701)</u>
<u>Net accounts receivable</u>	<u>42,956</u>

The amount of unbilled receivables as of June 30, 2004 and prior years was immaterial to the financial statements and is not included in accounts receivable.

NOTE (9) - AD VALOREM TAXES

For the year ended June 30, 2004, the Town of Grand Coteau levied a general tax of 5.67 mills on property with assessed valuation totaling \$2,699,670. Total tax levied was \$15,307. Taxes receivable at June 30, 2004 total \$3,354.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

NOTE (10) - RESERVATION OF FUND EQUITY

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reservations of the Town.

	Balance at June 30, <u>2004</u>
Enterprise Funds	
Reserved for customers' deposits	\$108,285
Reserved for bond retirement	<u>52,834</u>
	<u>161,119</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (11) - DEDICATION OF SALES TAX PROCEEDS

Proceeds of the 1 percent sales and use tax are dedicated to the following purposes:

Constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; opening, constructing, paving, resurfacing and improving streets, sidewalks, and bridges; constructing and improving drains, drainage canals and subsurface drainage; constructing, acquiring or improving any work of public permanent improvements; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Grand Coteau, title to which shall be in the public.

NOTE (12) - PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments restricted for the following:

Customers' deposits	\$84,735
Bond retirement - Reserve	22,196
Bond retirement - Sinking Fund	98,986
Bond retirement - Depreciation and Contingency	<u>37,741</u>
	<u>243,658</u>

NOTE (13) - GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT

A bond of \$46,400 was issued on December 8, 2003 for the purpose of acquiring a tract of land for public purposes. The \$46,400 Certificates of Indebtedness, Series 2003 consists of two fully registered certificates.

Certificate R-1 in the principal amount of \$39,500 bearing interest at variable rates not to exceed 6% is payable over a five year period. The first payment was due on January 8, 2004 with the final payment due December 8, 2008. The monthly payments of \$709.76 will consist of fully amortized payments of principal and interest.

Certificate R-2 in the principal amount of \$6,900 is noninterest bearing and payable in five annual principal payments of \$1,380.

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2004

NOTE (13) - GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT Continued

A summary of changes in long-term debt is as follows:

<u>Description of Debt</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2004</u>
Certificate R-1 \$39,500, dated December 8, 2003		\$39,500	\$3,689	\$35,811
Certificate R-2 \$6,900, dated December 8, 2003	—	<u>6,900</u>	—	<u>6,900</u>
	<u>-0-</u>	<u>46,400</u>	<u>3,689</u>	<u>42,711</u>

The annual requirements to retire debt as of June 30, 2004 are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$8,926	\$971	\$9,897
2006	9,156	742	9,898
2007	9,392	505	9,897
2008	9,636	261	9,897
2009	<u>5,601</u>	<u>37</u>	<u>5,638</u>
	<u>42,711</u>	<u>2,516</u>	<u>45,227</u>

NOTE (14) - LONG-TERM DEBT - LEASES PAYABLE

The Town of Grand Coteau entered into a noncancellable capital lease with JDR Capital Corporation for a copier on September 10, 1999. The first monthly payment was due on September 21, 1999, with the final payment due on July 21, 2004. The agreement requires monthly payments of \$225.75 for sixty months which are recorded in the General Fund.

The Town of Grand Coteau entered into a noncancellable capital lease with Louisiana Copier Services for two copiers on February 14, 2003. The first monthly payment was due on February 14, 2003, with the final payment due on January 14, 2008. The agreement requires monthly payments of \$432.21 for sixty months which are recorded in the General Fund.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (14) - LONG-TERM DEBT - LEASES PAYABLE - Continued

The Town of Grand Coteau entered into a noncancellable capital lease with CLM Equipment Company, Inc. for a backhoe on May 29, 2003. The first monthly payment was due on May 29, 2003, with the final payment due on May 29, 2007. The agreement requires annual payments of \$7,228.12 for five years.

A summary of changes in long-term debt from capital leases is as follows:

	Balance July 1, <u>2003</u>	<u>Additions</u>	<u>Payments</u>	Balance June 30, <u>2004</u>
JDR Capital Corp. lease	\$2,636		\$2,413	\$223
Louisiana Copier Services lease	18,760		3,356	15,404
CLM Equipment Co. lease	<u>26,542</u>	—	<u>6,785</u>	<u>19,757</u>
<u>Totals</u>	<u>47,938</u>	<u>-0-</u>	<u>12,554</u>	<u>35,384</u>

At June 30, 2004, future minimum rental payments required are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$10,196	\$2,445	\$12,641
2006	10,709	1,706	12,415
2007	11,634	908	12,542
2008	<u>2,845</u>	<u>81</u>	<u>2,926</u>
<u>Total minimum lease payments</u>	<u>35,384</u>	<u>5,140</u>	<u>40,524</u>

NOTE (15) - PROPRIETARY FUND CHANGES IN DEBT

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 2004:

<u>Description of Debt</u>	<u>Balance at July 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2004</u>
\$338,666 of Utilities Revenue Refunding Bond dated April 1, 1989	\$218,073		\$23,086	\$194,987
\$225,000 of Sewer Revenue Bond dated February 17, 1995	208,567		3,496	205,071
\$125,000 of Water Tower Project Bond dated July 1, 1998	<u>106,000</u>	—	<u>5,000</u>	<u>101,000</u>
	<u>532,640</u>	<u>-0-</u>	<u>31,582</u>	<u>501,058</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (15) - PROPRIETARY FUND CHANGES IN DEBT - Continued

The annual requirements to retire debt as of June 30, 2004, are as follows:

Years Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$33,440	\$29,396	\$62,836
2006	35,936	27,129	63,065
2007	37,524	24,686	62,210
2008	41,264	22,132	63,396
2009	39,703	19,326	59,029
2010-2014	104,944	63,237	168,181
2015-2019	64,593	41,192	105,785
2020-2024	33,290	28,675	61,965
2025-2029	41,672	20,293	61,965
2030-2034	52,164	9,801	61,965
2035-2036	<u>16,528</u>	<u>519</u>	<u>17,047</u>
	<u>501,058</u>	<u>286,386</u>	<u>787,444</u>

NOTE (16) - SEWER REVENUE BOND - FEBRUARY 17, 1995

A bond of \$225,000 was issued on February 17, 1995 for improvements on the Town's sewer system. The bond has a stated interest of 4 ½ percent and is payable over a forty year period. Commencing March 17, 1998 and on the 17th day of each month thereafter through February 17, 2035, monthly payments of \$1,032.75 will be due which will consist of fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest; and second, to the payment of principal.

- a. Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. However, monthly debt service payments into the Sinking Fund will not exceed \$843.75.
- b. The Town will have to make monthly payments of \$43 into a Reserve Fund. The payments into the Reserve Fund will continue until an amount equal to one year's debt service on the bond is accumulated therein.
- c. The Town will have to make monthly payments of \$43 into a Contingency Fund. The payments into the Contingency Fund will be made over the life of the bond.

The Town did not comply with these requirements.

NOTE (17) - WATER TOWER PROJECT BOND - JULY 1, 1998 - RESTRICTION ON USE

- a. Actual monthly payments into the Sinking Fund are required to be \$946.67.
- b. Each month, there will be an amount set aside into the Reserve Fund at least equal to 10 percent of the amount to be paid into the Sinking Fund until the amount in the Reserve Fund equals the Reserve Fund requirement.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (17) - WATER TOWER PROJECT BOND - JULY 1, 1998 - RESTRICTION ON USE -
Continued

- C. Each month, there will be an amount set aside into the Contingency Fund equal to 5 percent of the revenues for the preceding month provided that such sum is available. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$12,500.

The Town did not comply with these requirements.

NOTE (18) - PROPRIETARY FUND TYPE - FLOW OF FUNDS - RESTRICTION ON USE

Under the terms of the bond indentures on outstanding Utility Revenue Refunding Bonds dated April 1, 1989, all income and revenues of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

All revenues shall be deposited into a "Utilities Revenue Fund" to provide for the payment of the reasonable and necessary expenses of operating and maintaining the system and for the following purposes:

(a) Each month, there will be set aside into a fund called the "Utilities Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. This deposit must be made on or before the 20th of each month.

(b) There shall also be set aside into a "Utilities Revenue Bond Reserve Fund" an amount equal to 5 percent of the amount to be paid into the Sinking Fund until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Utility Revenue Bond Sinking Fund and as to which there would otherwise be default.

(c) Funds will also be set aside into a "Utilities Depreciation and Contingency Fund" an amount equal to 5 percent of the amount to be paid into the Sinking Fund. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

(d) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purposes.

The Town did not comply with these requirements.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE (19) - SEWER CHARGES

The Town's sewer rate schedule is as follows:

	<u>Monthly Charge</u>
Base rate - 4,000 gallons	\$10.00
Each additional 1,000 gallons	2.00

NOTE (20) - INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
Governmental Funds		
General Fund	\$4,054	
Proprietary Funds		
Gas Fund		\$1,352
Water Fund	1,254	19,553
Sewer Fund	17,573	
Non-Major Funds		
Capital Projects Fund		
Agency Fund	<u>1,352</u>	<u>3,328</u>
	<u>24,233</u>	<u>24,233</u>

The amounts due to and from the funds per interfund receivables and payables represent short-term loans.

Note (21) - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage the year.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$47,515	\$43,690	\$67,363	\$23,673
Licenses and permits	29,469	26,610	32,957	6,347
Intergovernmental	321,718	331,255	343,927	12,672
Fines and forfeits	61,025	83,918	83,577	(341)
Miscellaneous	24,738	20,695	26,396	5,701
<u>Total revenues</u>	<u>484,465</u>	<u>506,168</u>	<u>554,220</u>	<u>48,052</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	154,141	240,064	235,189	4,875
Street department	93,482	104,621	115,624	(11,003)
Police department	228,106	279,839	281,112	(1,273)
Fire department	47,492	41,487	56,015	(14,528)
Park department	6,116	3,218	7,268	(4,050)
Debt service			<u>19,783</u>	<u>(19,783)</u>
<u>Total expenditures</u>	<u>529,337</u>	<u>669,229</u>	<u>714,991</u>	<u>(45,762)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(44,872)</u>	<u>(163,061)</u>	<u>(160,771)</u>	<u>2,290</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	43,000	42,267	51,813	9,546
Operating transfers out	(22,000)	(5,672)	(11,630)	(5,958)
General obligation bond proceeds			46,400	46,400
Sale of capital assets			<u>4,440</u>	<u>4,440</u>
<u>Total other financing sources</u>	<u>21,000</u>	<u>36,595</u>	<u>91,023</u>	<u>54,428</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>				
	<u>(23,872)</u>	<u>(126,466)</u>	<u>(69,748)</u>	<u>56,718</u>
<u>FUND BALANCE, beginning of year</u>			<u>184,202</u>	
<u>FUND BALANCE, end of year</u>			<u>114,454</u>	

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$69,572	\$69,143	\$74,622	\$5,479
Miscellaneous income			9	9
<u>Total revenues</u>	<u>69,572</u>	<u>69,143</u>	<u>74,631</u>	<u>5,488</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	790	860	745	115
<u>Total expenditures</u>	<u>790</u>	<u>860</u>	<u>745</u>	<u>115</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	<u>68,782</u>	<u>68,283</u>	<u>73,886</u>	<u>5,603</u>
<u>OTHER FINANCING USES</u>				
Operating transfers out	(59,000)	(67,657)	(70,407)	(2,750)
<u>Total other financing uses</u>	<u>(59,000)</u>	<u>(67,657)</u>	<u>(67,657)</u>	<u>(2,750)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES</u>				
	<u>9,782</u>	<u>626</u>	3,479	<u>2,853</u>
<u>FUND BALANCE, beginning of year</u>			<u>24,900</u>	
<u>FUND BALANCE, end of year</u>			<u>28,379</u>	

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	\$56,900
Receivables, net of allowances for uncollectibles	
Property taxes	3,354
Franchise	12,281
Intergovernmental	60,869
Other	189
Due from other funds	<u>4,054</u>
<u>Total assets</u>	<u>137,647</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$23,193
<u>Total liabilities</u>	<u>23,193</u>

FUND BALANCE

Unreserved	114,454
<u>Total fund balance</u>	<u>114,454</u>
<u>Total liabilities and fund equity</u>	<u>137,647</u>

TOWN OF GRAND COTEAU, LOUISIANA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes	\$43,690	\$67,363	\$23,673
Licenses and permits	26,610	32,957	6,347
Intergovernmental	331,255	343,927	12,672
Fines and forfeits	83,918	83,577	(341)
Miscellaneous	<u>20,695</u>	<u>26,396</u>	<u>5,701</u>
<u>Total revenues</u>	<u>506,168</u>	<u>554,220</u>	<u>48,052</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	240,064	235,189	4,875
Street department	104,621	115,624	(11,003)
Police department	279,839	281,112	(1,273)
Fire department	41,487	56,015	(14,528)
Park department	3,218	7,268	(4,050)
Debt service		<u>19,783</u>	<u>(19,783)</u>
<u>Total expenditures</u>	<u>669,229</u>	<u>714,991</u>	<u>(45,762)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(163,061)</u>	<u>(160,771)</u>	<u>2,290</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	42,267	51,813	9,546
Transfers out	(5,672)	(11,630)	(5,958)
General obligation bond proceeds		46,400	46,400
Sale of capital assets		<u>4,440</u>	<u>4,440</u>
<u>Total other financing sources</u>	<u>36,595</u>	<u>91,023</u>	<u>54,423</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(126,466)</u>	<u>(69,748)</u>	<u>56,718</u>
<u>FUND BALANCE, beginning of year</u>		<u>184,202</u>	
<u>FUND BALANCE, end of year</u>		<u>114,454</u>	

TOWN OF GRAND COTEAU, LOUISIANA
 GENERAL FUND
 DETAILED SCHEDULE OF REVENUES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE - POSITIVE (NEGATIVE)
<u>TAXES</u>			
Property taxes	\$12,477	\$15,067	\$2,590
Franchise - cable television	1,755	1,749	(6)
Franchise - telephone	1,424	1,907	483
Franchise - electric	28,034	48,640	20,606
<u>Total taxes</u>	<u>43,690</u>	<u>67,363</u>	<u>23,673</u>
<u>LICENSES AND PERMITS</u>			
Occupational licenses	24,633	32,253	7,620
Building permits	1,857	524	(1,333)
Moving permits	120	180	60
<u>Total licenses and permits</u>	<u>26,610</u>	<u>32,957</u>	<u>6,347</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	3,031	2,782	(249)
Housing Authority		4,213	4,213
Fire insurance rebate	3,511	3,511	
Federal grants	31,923	31,923	
State grants	5,000	9,461	4,461
Video poker revenue	234,266	234,421	155
Share of Racino income	8,271	13,824	5,553
Solid Waste payments	45,253	39,192	(6,061)
DOTD		4,600	4,600
<u>Total intergovernmental</u>	<u>331,255</u>	<u>343,927</u>	<u>12,672</u>
<u>FINES</u>			
Court fines	83,918	83,577	(341)
<u>MISCELLANEOUS</u>			
Interest income	288	307	19
Sundry	5,655	7,046	1,391
Water meter fees	14,752	18,743	3,991
Toys for Tots		300	300
<u>Total miscellaneous</u>	<u>20,695</u>	<u>26,396</u>	<u>5,701</u>
<u>Total revenues</u>	<u>506,168</u>	<u>554,220</u>	<u>48,052</u>

TOWN OF GRAND COTEAU, LOUISIANA
 GENERAL FUND
 DETAILED SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - POSITIVE (NEGATIVE)</u>
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$38,267	\$46,709	\$(8,442)
Salaries - Mayor and Council	22,260	17,325	4,935
Payroll taxes	4,630	3,003	1,627
<u>Supplies</u>			
Office supplies and postage	19,584	18,233	1,351
<u>Other</u>			
Conventions and conferences	8,632	9,822	(1,190)
Advertising	6,988	5,908	1,080
Dues and subscriptions	3,229	2,779	450
Engineering fees	7,887	7,164	723
Equipment rental	7,401	1,365	6,036
Insurance	13,499	14,996	(1,497)
Legal and accounting	24,244	24,129	115
Miscellaneous	2,134	152	1,982
Pest control	432	432	
Repairs and maintenance	1,215	1,501	(286)
Telephone	7,783	8,221	(438)
Utilities	4,983	7,592	(2,609)
Bank charges	87	194	(107)
Collection agency fee		434	(434)
Uniforms	1,935	1,451	484
Interest	3,170		3,170
Travel		492	(492)
Bad debt		83	(83)
Capital outlay	<u>61,704</u>	<u>63,204</u>	<u>(1,500)</u>
<u>Total executive and administrative</u>	<u>240,064</u>	<u>235,189</u>	<u>4,875</u>
<u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	38,615	40,494	(1,879)
Payroll taxes	2,508	2,371	137
<u>Supplies</u>			
Materials and supplies	10,309	10,970	(661)

This schedule continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
 GENERAL FUND
 DETAILED SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT (Continued)</u>			
<u>Other</u>			
Auto and truck expense	\$10,551	\$11,196	\$(645)
Repairs and maintenance	1,171	2,553	(1,382)
Insurance	12,541	13,486	(945)
Utilities	17,821	14,811	3,010
Tractor expense	1,373	92	1,281
Miscellaneous	1,271	1,609	(338)
Equipment rental	8,461	978	7,483
Capital outlay		<u>17,064</u>	<u>(17,064)</u>
<u>Total street department</u>	<u>104,621</u>	<u>115,624</u>	<u>(11,003)</u>
 <u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries and wages	185,073	187,347	(2,274)
Payroll taxes	13,281	13,056	225
 <u>Supplies</u>			
Materials and supplies	15,193	10,675	4,518
Uniforms	1,669	2,341	(672)
 <u>Other</u>			
Insurance	38,501	35,825	2,676
Auto expense	9,069	11,774	(2,705)
Telephone	3,200	3,104	96
Repairs	4,384	3,873	511
Miscellaneous	4,853	405	4,448
Education		(500)	500
Prisoner meals	277	208	69
Radio rental	1,839	1,799	40
Fees on fines		2,865	(2,865)
Capital outlay	<u>2,500</u>	<u>8,340</u>	<u>(5,840)</u>
<u>Total police department</u>	<u>279,839</u>	<u>281,112</u>	<u>(1,273)</u>
 <u>FIRE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries and wages	2,717	2,417	300
Payroll taxes	208	174	34

This schedule continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE - POSITIVE (NEGATIVE)
<u>FIRE DEPARTMENT (Continued)</u>			
<u>Supplies</u>			
Materials and supplies	\$3,061	\$4,219	\$(1,158)
Uniforms		4,920	(4,920)
<u>Other</u>			
Telephone	5,581	5,604	(23)
Utilities	800	843	(43)
Insurance	2,860	2,874	(14)
Seminars and conventions		250	(250)
Grant administration		500	(500)
Miscellaneous	392	167	225
Repairs and maintenance	265	1,935	(1,670)
Capital outlay	<u>25,603</u>	<u>32,112</u>	<u>(6,509)</u>
Total fire department	<u>41,487</u>	<u>56,015</u>	<u>(14,528)</u>
<u>PARK DEPARTMENT</u>			
<u>Other</u>			
Insurance	1,699	1,783	(84)
Repairs and maintenance		1,650	(1,650)
Supplies	<u>1,519</u>	<u>3,835</u>	<u>(2,316)</u>
Total park department	<u>3,218</u>	<u>7,268</u>	<u>(4,050)</u>
<u>DEBT SERVICE</u>			
Payments on capital lease		15,524	(15,524)
Payments on bonds		<u>4,259</u>	<u>(4,259)</u>
Total debt service		<u>19,783</u>	<u>(19,783)</u>
Total expenditures	<u>669,229</u>	<u>714,991</u>	<u>(45,762)</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's 1 percent sales tax.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	<u>\$31,129</u>
<u>Total assets</u>	<u>31,129</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>2,750</u>
<u>Total liabilities</u>	<u>2,750</u>

FUND BALANCE

Unreserved	<u>\$28,379</u>
<u>Total fund balance</u>	<u>28,379</u>
<u>Total liabilities and fund balance</u>	<u>31,129</u>

TOWN OF GRAND COTEAU, LOUISIANA
SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$69,143	\$74,622	\$5,479
Miscellaneous			
Interest income		9	9
<u>Total revenues</u>	<u>69,143</u>	<u>74,631</u>	<u>5,488</u>
<u>EXPENDITURES</u>			
Executive and administrative			
Miscellaneous	860	745	115
<u>Total expenditures</u>	<u>860</u>	<u>745</u>	<u>115</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	<u>68,283</u>	<u>73,886</u>	<u>5,603</u>
<u>OTHER FINANCING USES</u>			
Operating transfers out	(67,657)	(70,407)	(2,750)
<u>Total other financing</u>			
<u>uses</u>	<u>(67,657)</u>	<u>(70,407)</u>	<u>(2,750)</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES AND OTHER USES</u>	<u>626</u>	<u>3,479</u>	<u>2,853</u>
<u>FUND BALANCE, beginning of year</u>		<u>24,900</u>	
<u>FUND BALANCE, end of year</u>		<u>28,379</u>	

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds.

The Capital Projects Fund was used to account for the street improvement project in the last fiscal year and is now being used to account for the Water Tower Painting Project. The Water Tower Painting Project is still under construction as of June 30, 2004.

TOWN OF GRAND COTEAU, LOUISIANA
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	
Investments	
Other receivable	—
<u>Total assets</u>	<u>-0-</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	
<u>Total liabilities</u>	<u>-0-</u>

FUND BALANCE

Reserved for construction	
<u>Total fund balance</u>	<u>-0-</u>
<u>Total liabilities and fund balance</u>	<u>-0-</u>

TOWN OF GRAND COTEAU, LOUISIANA
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES</u>	
Miscellaneous	
Interest income	
<u>Total revenues</u>	<u>-0-</u>
<u>EXPENDITURES</u>	
<u>Total expenditures</u>	<u>-0-</u>
<u>OTHER FINANCING SOURCES</u>	
Transfers out	(23,173)
<u>Total other financing sources</u>	<u>(23,173)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u> <u>AND OTHER USES</u>	(23,173)
<u>FUND BALANCE, beginning of year</u>	<u>23,173</u>
<u>FUND BALANCE, end of year</u>	<u>-0-</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Housing Rehab Program Fund provides installation and repairs of homes owned by very low-income individuals.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
HOUSING REHAB PROGRAM FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	---
<u>Total assets</u>	<u>-0-</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

<u>Total liabilities</u>	<u>-0-</u>
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FUND BALANCE

<u>Total fund balance</u>	<u>-0-</u>
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<u>Total liabilities and fund balance</u>	<u>-0-</u>
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TOWN OF GRAND COTEAU, LOUISIANA
HOUSING REHAB PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>ACTUAL</u>
<u>REVENUES</u>	
<u>Total revenues</u>	<u>-0-</u>
<u>EXPENDITURES</u>	
<u>Total expenditures</u>	<u>-0-</u>
<u>OTHER FINANCING USES</u>	
Operating transfers out	(154)
<u>Total other financing</u>	
<u>uses</u>	<u>(154)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>	
<u>OVER EXPENDITURES AND OTHER USES</u>	(154)
<u>FUND BALANCE, beginning of year</u>	<u>154</u>
<u>FUND BALANCE, end of year</u>	<u>-0-</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Jean C. Coco, Mayor
and Members of the Board of Aldermen
Grand Coteau, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements and have issued our report thereon dated December 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Grand Coteau, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2004-1 and 2002-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Grand Coteau, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Grand Coteau, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2003-1, 2003-2, 2002-4, and 2002-5.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions described in the accompanying summary schedule of current and prior year audit findings and corrective action plan to be material weaknesses.

This report is intended solely for the information of the Mayor and Board of Aldermen, the appropriate regulatory or legislative body and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 10, 2004

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (06/30/04) --					
<u>Compliance:</u>					
2004-1	<u>Budgeting</u> The Town did not amend the General Fund budget in accordance with LSA-R.S. 39:1311(A) (2) that states when total actual expenditures plus projected expenditures exceed budgeted expenditures by five percent or more the budget must be amended. Total expenditures exceeded budgeted expenditures by \$45,762 or 6.8%.		The Town will closely monitor budget to actual financial statements and amend the budget when necessary.	Denise Moore, Clerk	6/30/2005
2002-3	<u>Bond Payments</u> The Town did not comply with the transfer procedures for the utility revenue bond issues. The utility bond issues require that amounts be transferred monthly to the Sinking, Reserve, and Contingency Accounts. No payments were made to these accounts until April of 2004. The April transfers were intended to represent transfers from prior months. Transfers were made for the incorrect amounts for May and June of 2004.			Denise Moore, Clerk	1/31/2005
Recommendation: The Town should fully comply with the transfer procedures as required by the utility revenue bond issues.					

(continued)

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings (Continued)
and Corrective Action Plan
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (06/30/04) --					
<u>Internal Control:</u>					
2003-1	<u>Lack of Written Policies and Procedures</u> The Town's written policies and procedures are not complete. The Town should develop and adopt policies in the following areas: purchasing/procurement, accounting, investments, capital assets, etc.		The Town is in the process of developing written policies and procedures and will present these policies for adoption once completed.	Jean Coco, Mayor	6/30/2005
Recommendation: Written policies and procedures should be developed, adopted, and implemented.					
2003-2	<u>Customer Meter Deposit Liability Not Being Reconciled</u> The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger monthly. Recommendation: The customer meter deposit balance per general ledger should be compared to the deposit listing per the billing system at the end of each month.		The customer meter deposit detailed listing from the utility system will be reconciled to the general ledger on a monthly basis.	Denise Moore, Clerk	3/31/2005

(continued)

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings (Continued)
and Corrective Action Plan
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (06/30/04) --					
2002-4	<u>Lack of Segregation of Duties</u> An adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and be undetected.		The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.	Jean C. Coco, Mayor	N/A
2002-5	<u>Accounts Receivable Not Being Reconciled</u> The accounts receivable balance per the general ledger is not being compared to the customer accounts trial balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner. Recommendation: The accounts receivable balance per the general ledger should be compared to the accounts balance per the billing system at the end of each month.		The accounts receivable utility trial balance will be reconciled to the general ledger on a monthly basis.	Denise Moore, Clerk	3/31/2005

(continued)

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings (Continued)
and *Corrective Action Plan*
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (06/30/04) --					
<u>Management Letter:</u>					
ML - 1	<u>Physical Inventory</u> The Town of Grand Coteau has prepared a detailed list of fixed assets and adopted a capitalization policy; however, the Town has not conducted a complete physical inventory.		The Town will prepare a detailed list of fixed assets, take a physical inventory and identify assets that belong to the Town and include a tag number on the listing of fixed assets.	Jean Coco, Mayor	6/30/2005
PRIOR YEAR (06/30/03) --					
<u>Compliance:</u>					
2002-1	<u>Inadequate Records for Fixed Assets</u> The Town of Grand Coteau does not have adequate inventory records for general fixed assets and has not conducted physical inventories as required by LSA-RS 24:515.	Yes			
2002-3	<u>Bond Payments</u> The Town did not comply with the transfer procedures for the utility revenue bond issues. The Bond issues require that monthly amounts be transferred to the Sinking, Reserve, and Contingency Accounts.	No	See current year section - finding 2002-3		

(continued)

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings (Continued)
and Corrective Action Plan
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (06/30/03) --					
<u>Internal Control:</u>					
2003-1	<u>Lack of Written Policies and Procedures</u> The Town's written policies and procedures are not complete. The Town should develop and adopt policies in the following areas: purchasing/procurement, accounting, investments, capital assets, etc.	No	See current year section - finding 2003-1		
2003-2	<u>Customer Meter Deposit Liability Not Being Reconciled</u> The Customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger monthly.	No	See current year section - finding 2003-2		
2002-4	<u>Lack of Segregation of Duties</u> An adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and be undetected.	No	See current year section - finding 2002-4		

TOWN OF GRAND COTEAU

Summary Schedule of Current and Prior Year Audit Findings (Continued)
and Corrective Action Plan
Year Ended June 30, 2004

Reference Number	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (06/30/03) --					
2002-5	<u>Accounts Receivable Not Being Reconciled</u> The accounts receivable balance per the general ledger is not being compared to the accounts balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner.	No	See current year section - finding 2002-5.		

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

GAS FUND EXPENSES

Personal services

Salaries and wages	\$16,437
Payroll taxes	1,179

Contractual services

Gas purchases	172,208
Survey expense	3,687

Supplies

Materials and supplies	12,329
------------------------	--------

Other

Bad debt expense	726
Legal and accounting	15,199
Insurance	10,300
Repairs and maintenance	27,026
Seminar expense	2,532
Utilities	3,898
Telephone	710
Miscellaneous	1,683

Depreciation

8,253

Total gas fund expenses

276,167

WATER FUND EXPENSES

Personal services

Salaries and wages	13,517
Payroll taxes	961

Supplies

Materials and supplies	6,356
------------------------	-------

Other

Bad debt expense	287
Dues	934
Legal and accounting	11,964
Insurance	4,399
Utilities	7,099
Repairs and maintenance	5,637
Telephone	1,342
Miscellaneous	138
Seminar expense	809
Safe drinking water fee	1,270

Depreciation

35,469

Total water fund expenses

90,182

This schedule continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

SEWER FUND EXPENSES

Personal services	
Salaries and wages	\$14,207
Payroll taxes	1,264
<u>Contractual services</u>	
Analysis expense	4,185
<u>Supplies</u>	
Materials and supplies	2,878
<u>Other</u>	
Bad debt expense	316
Legal and accounting	1,968
Engineering	3,241
Repairs and maintenance	25,283
Utilities	14,838
Insurance	11,143
Miscellaneous	438
<u>Depreciation</u>	<u>74,720</u>
<u>Total sewer fund expenses</u>	<u>154,481</u>
<u>Total operating expenses</u>	<u>520,830</u>

TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF BONDS PAYABLE
JUNE 30, 2004

	INTEREST		ISSUE DATE	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
	RATES	PAYMENT DATE				AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
<u>REVENUE BONDS</u>									
Sewerage utility	7.20%	10/03 04/04	10/01/98	4/01/2011	Varies	\$206,829	\$206,829	\$78,751	\$128,078
Water utility	7.20%	10/03 04/04	10/01/98	4/01/2011	Varies	108,049	108,049	41,140	66,909
Sewerage utility	4.50%	17th of each month	2/17/95	10/17/2036	Varies	225,000	225,000	19,928	205,072
Water utility	6.00%	10/03 04/04	7/01/98	4/01/2018	Varies	125,000	125,000	24,000	101,000
<u>Total revenue bonds</u>						<u>664,878</u>	<u>664,878</u>	<u>163,819</u>	<u>501,059</u>

TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2004

	<u>INTEREST</u> <u>RATES</u>	<u>MATURITY</u> <u>DATE</u>	<u>TOTAL BOOK</u> <u>VALUE</u>
<u>ENTERPRISE FUNDS</u>			
Certificate of Deposit			
Bank of Sunset and Trust Co.	1.15%	9/19/04	\$35,931
Certificate of Deposit			
Bank of Sunset and Trust Co.	1.15%	12/7/04	25,189
Certificate of Deposit			
Bank of Sunset and Trust Co.	1.15%	9/19/04	1,037
Certificate of Deposit			
Bank of Sunset and Trust Co.	.75%	6/30/04	<u>22,987</u>
<u>Total</u>			<u>85,144</u>

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2004
 (UNAUDITED)

INSURER	ASSETS COVERED	TYPE OF COVERAGE	EFFECTIVE DATES	
			FROM	TO
Louisiana Municipal Risk Management Agency	Workmen's Compensation	Workmen's Compensation	Statutory	Monthly
	1997 Ford sedan	Bodily injury	\$500,000	5/1/04 5/1/05
	1961 GMC fire truck	Property damage		
	1991 GMC fire truck			
	1992 Ford sedan			
	1983 GMC pickup			
	1991 Chevy pickup			
	1997 Ford pickup			
	1983 Chevy dump truck			
	1999 Ford sedan			
	1991 Ford pickup			
	1998 Chevy Camaro			
	1993 Ford sedan			
	1994 Chevy sedan			
1991 Chevy pickup				
1991 Chevy pickup				
Western Surety Bond	Comprehensive and liability on premises and operations	Bodily injury Property damage	\$500,000	5/1/04 5/1/05
	Clerk and Assistant Clerk Mayor and Mayor Pro-Tem Town employees	Bond Bond Blanket Bond	\$52,000 \$71,000 \$5,000	9/15/03 9/15/04
EMC Insurance Company	Blanket on all equipment and buildings of insured	Fire, extended coverage and vandalism	\$1,501,893 \$3,000 deductible	1/14/04 1/14/05
	1983 International tractor 1998 Case 580L backhoe 1996 Ford mower 1984 Ford 355 backhoe	Property damage	\$92,712 \$500 deductible	8/15/03 8/15/04
Risk Management	Law enforcement officers and public officials	Personal injury Property damage Errors and omissions	\$500,000 \$1,000 each claimant for law enforcement	5/1/04 5/1/05

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL
FOR THE YEAR ENDED JUNE 30, 2004

GENERAL

COMPENSATION PAID TO MAYOR AND COUNCIL

The compensation of the Town of Grand Coteau's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$600 per month and the board members are paid \$150 per month. Board members are also paid \$75 for any special meetings attended.

	<u>COMPENSATION</u>
Jean C. Coco, Mayor P. O. Box 312 Grand Coteau, LA 70541 (337) 662-3838 Term expires December 31, 2006	\$7,200
David T. Richard, Alderman P. O. Box 15 Grand Coteau, LA 70541 (337) 662-6905 Term expires December 31, 2006	2,025
Russell Richard, Jr., Alderman P.O. Box 117 Grand Coteau, LA 70541 (337) 662-3603 Term expires December 31, 2006	2,025
Wallace Belson, Jr. P.O. Box 55 Grand Coteau, LA 70541 (337) 662-3584 Term expires December 31, 2006	2,025
Wilton Guidry P.O. Box 457 Grand Coteau, LA 70541 (337) 662-3484 Term expires December 31, 2006	2,025
Robert Landry P.O. Box 297 Grand Coteau, LA 70541 (337) 662-3981 Term expires December 31, 2006	<u>2,025</u>
	<u>17,325</u>

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

The Honorable Jean C. Coco, Mayor
and Members of the Board of Aldermen
Grand Coteau, Louisiana

During our audit of the financial statements of the Town of Grand Coteau for the year ended June 30, 2004, we noted a certain area in which improvement in the financial practices of the Town may be desirable. Therefore, the following recommendation is submitted for your consideration:

- (1) The Town of Grand Coteau has prepared a detailed list of fixed assets and adopted a capitalization policy; however, the Town has not conducted a complete physical inventory. We recommend that the Town conduct a complete physical inventory and compare to the compiled list of fixed assets.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendation, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 10, 2004

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